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GA 1.13:ID-81-39

BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Secretary Of State

Management Of The Department Of State Office Of Passport Services Needs To Be Improved

Each year the Department of State provides passports for millions of U.S. citizens and nationals for their international travel needs. Recent efforts by the Department to increase the efficiency of passport services operations have not always been successful.

More intensified management is needed to cope with the technical problems of the computerized systems and operating difficulties of passport services functions.

GAO makes specific recommendations to improve the passport issuance system, records management, passport fraud identification and control, and special handling fees.

ID-81-39
AUGUST 6, 1981

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

B-203653

The Honorable Alexander M. Haig, Jr.
The Secretary of State

Dear Mr. Secretary:

This report discusses actions which can be taken to improve the efficiency and effectiveness of the Department of State Office of Passport Services. This review was made to evaluate the efforts made by the Office of Passport Services to improve services provided the American traveling public.

This report contains recommendations to you on pages 12, 24, 32, 41, 44, 48, and 49. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Attorney General; Director, Office of Management and Budget; and interested Committees of the Congress.

Sincerely yours,

Frank C Conahan

Frank C. Conahan
Director

U.S. GENERAL ACCOUNTING OFFICE
REPORT TO THE SECRETARY OF STATE

MANAGEMENT OF THE DEPARTMENT OF STATE OFFICE OF PASSPORT SERVICES NEEDS TO BE IMPROVED

D I G E S T

The State Department's Office of Passport Services, more commonly known as the Passport Office, is responsible for issuing passports to U.S. citizens. Every year over 3 million passports are issued from the Department's 14 passport agencies in the United States, 4 passport offices in U.S. insular possessions, and over 200 U.S. foreign service posts abroad. The Department has estimated that about 7 percent (15.3 million) of the U.S. population held valid passports in 1980. (See ch. 1.)

Passport Office operations have been able to meet the public's demand of providing passports to U.S. citizens in a reasonably timely manner.

The Passport Office has made changes to improve the efficiency of passport operations, but progress has been hampered by management weakness and technical difficulties in some new office systems.

PLANNING FOR A NEW PASSPORT ISSUANCE SYSTEM IS NEEDED

The Travel Document Issuance System (TDIS), the Department's new computerized system for issuing passports is plagued by deficient planning. TDIS will cost between $12 to $15 million over the next 4 years and management needs to take on more comprehensive planning. (See ch. 2.)

The system should be restructured to use a single standard module design at fewer processing centers instead of six designs for mainland passport agency locations, as presently planned. Standardization and centralization would eliminate costly duplication of site preparation and support service cost. Additionally, using a single designed system at a few locations will allow the Department to more efficiently adapt production to seasonal workloads. Those agencies without

TDIS could still function as acceptance facilities and issue temporary passports in emergency situations. (See ch. 2.)

PROBLEMS IN STORAGE AND RETRIEVAL SYSTEM NEED SPECIALIZED ATTENTION

The Passport Files Miniaturization (PFM) system is another problem area that has presented difficulties to the passport management staff. The PFM system, a computerized microfilm records storage and information retrieval system, implemented in October 1978, was designed to reduce some of the Department's passport records difficulties. The system processes applications after a passport is issued. However, because of technical complications of the system, operational performance troubles, and inadequate management attention to the new file system, a severe backlog of work has developed clogging the system with over 2 million passport applications. Many of the problems are technical and require specialized attention. (See ch. 3.)

RECORDS MANAGEMENT IS OVERLY COSTLY

Still another related records management problem is the storage of original passport records. Costing over $200,000 each year, the State Department has over 140 million passport documents in storage, enough to fill over 7,500 five-drawer legal-size file cabinets. Most of the records, considered to be disposable records by the General Services Administration National Archives and Records Service, are causing costly storage burdens because they are maintained on excessively long retention periods of 100 years by the State Department. Additionally, past practices of filing permanent and disposable records together are complicating the storage, and when necessary, the retrieval of these records. Furthermore, paper records after 1978 that have been microfilmed are being held for 15 years and thus are not achieving the intended benefits of the Department's microfilm records storage system. Unless the State Department takes action on its passport records difficulties, the Federal Government can expect to incur over

$5 million in storage costs before any appreciable reductions of records in storage take place many decades from now. (See ch. 4.)

PASSPORT FRAUD CONTINUES TO BE A PROBLEM

One of the more severe problems facing the State Department is that of passport fraud. Although the Department discovered 1,002 cases of passport fraud in fiscal year 1980, it has been presumed that this is just the tip of the iceberg. The Department's fraud program emphasizes fraud detection before passport issuance but incomplete training, inconsistent statistical reporting, and insufficient distribution of fraud bulletins along with restrictive staffing has prevented a more effective program. Passport fraud investigations are conducted by the State Department's Office of Security and by other interested Federal agencies. However, the Department's policy of giving priority to perform personnel background investigations over passport investigations and the absence of formalized agreements over jurisdictional and investigative passport matters between the Department and Federal investigative agencies has impeded passport fraud investigations. If suggestions, recommended as a result of the Department's own 1980 internal review, are fully implemented along with GAO's recommendations, the Department's fraud program should be enhanced. (See ch. 5.)

OTHER FISCAL AND OPERATIONAL CONCERNS

GAO identified two operational areas of concern that are performed as daily passport functions. The first is the inequitable provision for the special handling of passports that require fast delivery because of urgent departure dates or because of requests by passport applicants. GAO found that the Department's special passport handling services that often require special delivery of passports, are being provided at a net loss to the Government of about $200,000 annually and that citizens receiving such services may pay none, part, or all of the mailing cost. GAO has suggested improvements in the application process to correct the disparities. The second problem area is that of the operation of the Passport Lookout System,

a system that is used to screen passport applications for administrative, law enforcement, and national security purposes. GAO believes the system, which is operated as a computerized system and also as a more limited manual file card system, is basically sound, but is experiencing a number of operational difficulties. Since the Lookout system is approaching 15 years of age, in GAO's opinion, a thorough comprehensive review of the system by State Department staff is needed. (See ch. 6.)

RECOMMENDATIONS

GAO recommends a number of specific actions for the Secretary of State to improve the Department's management of passport office operations. For details on recommended actions to improve

--the Travel Document Issuance System, see p. 12;

--the Passport Files Miniaturization system, see p. 24;

--passport records storage, see p. 32;

--passport fraud program, see p. 41;

--special handling fees, see p. 44; and

--the Passport Lookout System, see pp. 48 and 49.

AGENCY COMMENTS

The Departments of State and Justice provided comments on this report which have been incorporated where appropriate. The Department of State fully shared the concerns covered by the report and found it to be comprehensive, detailed and helpful. For details on the Department of State comments on

--the Travel Document Issuance System, see p. 13;

--the Passport Files Miniaturization system, see pp. 24 and 25;

--passport records storage, see pp. 32 and 33;

--passport fraud program, see p. 42;

--special handling fees, see p. 44;

--the Passport Lookout System, see pp. 49 and 50.

The Department of Justice supports the GAO recommendations relative to passport fraud and commented that formal agreements would greatly strengthen the process of investigating passport fraud cases. The Department also said there is a need for more aggressive posture in the prosecution of passport fraud violators. (See app. II.)

Tear Sheet

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ABBREVIATIONS

FAIM	Foreign Affairs Information Management Center
FBI	Federal Bureau of Investigation
GAO	General Accounting Office
GSA	General Services Administration
PFM	Passport Files Miniaturization
TDIS	Travel Document Issuance System

CHAPTER 1

INTRODUCTION

Every year over 3 million U.S. passports are issued to American citizens to travel abroad, a constitutionally protected right that the Supreme Court has ruled may not be abridged without due process. A passport is necessary to travel between most countries and is primarily used as an internationally recognized travel document that identifies and attests to the nationality of its bearer. U.S. citizens are prohibited from departing or entering this country unless they have a valid passport under the "Travel Control" statutes, however, U.S. citizens may travel freely to and from any country in North, Central, or South America, except for Cuba, without any requirement by the U.S. Government for a valid U.S. passport. A passport is also considered as a request of the issuing government to foreign governments to afford passport bearers all lawful aid and protection while traveling in foreign territories and to receive the assistance of the traveler's diplomatic and consular officers if necessary while abroad.

The Department of State has been issuing passport documents since the late 1700s. Today, passport applications are received and U.S. passports issued from numerous offices both in the United States and abroad. It is estimated that at the end of 1980 there were 15.3 million valid U.S. passports outstanding, documenting about 7 percent of the population. This large undertaking is administered under the direction of the Secretary of State through the State Department's Office of Passport Services, more commonly called the Passport Office. Its staff averaged about 784 employees in fiscal year 1980, but many other officials both inside and outside the State Department assist in U.S. passport functions. A 1975 training study estimated that some 7,000 people are indirectly involved in providing passport services.

The Secretary of State's authority in passport matters has been established by Presidential Executive order, the Code of Federal Regulations, and the U.S. Code. Executive Order 11295 of August 5, 1966, authorizes the Secretary of State to prescribe, revise, and revoke rules and regulations governing the granting, issuing, and verifying of U.S. passports. Passport rules and regulations are set out at 22 C.F.R. § 51.1 et. seq. and the authority to issue passports is set forth at 22 U.S.C. § 211a.

The Secretary of State's responsibilities with respect to the administration and enforcement of nationality laws are set forth at 8 U.S.C. § 1104 as are the structure and responsibilities of the Department's Bureau of Consular Affairs, the Passport Office, and the Visa Office. The Congress has also enacted statutes which prescribe certain acts which constitute passport fraud, authorize waiver of personal appearance for passports by mail, authorize the chief executive officers of insular possessions to issue passports and authorize the issuance of no-fee passports to certain categories

PASSPORT APPLICATION ACCEPTANCE FACILITIES

Passports generally need to be applied for in person so that a citizen can execute the application, be properly identified, and present acceptable evidence of citizenship. A passport application may be submitted before passport agents at numerous locations around the world. There are thousands of facilities authorized to accept passport applications. The State Department maintains 14 passport agencies to service the public in the following U.S. cities.

PASSPORT AGENCIES

Boston	New Orleans
Chicago	New York
Detroit	Philadelphia
Honolulu	San Francisco
Houston	Seattle
Los Angeles	Stamford
Miami	Washington

The State Department budget presentation furnished to the Congress in March 1981, showed that the Detroit passport agency and a branch location of the Los Angeles agency, would be closed in fiscal year 1981.

Besides these cities, since 1970, applications may be submitted at more than 800 designated U.S. Post Offices. Federal and State clerks of courts of which there are over 2,500 around the country may also accept applications. Applications received at these locations are forwarded to and distributed among the Department's passport agencies for further processing and passport issuance.

Additionally, the State Department has authorized certain passport acceptance agents in the Defense Department and other Federal agencies to accept applications from servicemen, military dependents, and Federal employees. There are presently about 790 military and Federal acceptance agents which also forward applications to State Department facilities for further passport processing.

Outside the United States, applications may be submitted directly to over 200 State Department foreign service posts for processing. Furthermore, there are four local government offices in the U.S. insular possessions of Puerto Rico, Virgin Islands, Guam, and American Samoa that accept and process passport applications. These offices are staffed by local government workers instead of Federal employees but operate with guidance from the Passport Office.

In further service to the public, the State Department allows some passport applicants to obtain new passports by mail. Citizens may obtain a regular passport by mail if they are able to submit a

previous passport issued within the last 8 years when they were at least 18 years of age. Passport application forms and assistance are available at all acceptance facilities or from the Passport Office in Washington, D.C.

PASSPORT ISSUANCE OFFICES

Although there are thousands of facilities that accept passport applications, there are only a few hundred offices that are authorized to issue passports. Most passports are issued in the United States from the Department's passport agencies. Passports are also issued by the hundreds of foreign service posts abroad and the four passport offices in U.S. insular possessions.

Passport agencies in the United States process all applications accepted over the agencies' counters, those submitted through the mail, and those forwarded by the post office, military, and Federal passport agents and the clerks of courts. An agency will process an application by adjudicating the citizenship evidence submitted with the application. Citizenship evidence is normally returned to the applicant when a passport is issued. Once satisfied that an applicant is a U.S. citizen, an applicant's name is cleared over a name check system and a passport is issued. The State Department has a policy of mailing a passport to U.S. locations as requested by the applicant. Under special circumstances, a "will call" service is available where a passport can be issued in one day and picked up at an agency's counter. However, it normally takes about 5 days to issue a passport. Similar processing procedures are performed at foreign service posts and insular offices in U.S. possessions although the vast majority of passport issuances are from the passport agencies.

PASSPORT ISSUANCES

On the average, the State Department's passport agencies together issue about 12,000 passports daily. The work is very seasonal as Americans apply for passports primarily during the spring and early summer months for their travel abroad. Appearing on the following page is chart A showing monthly passport issuances over the last 4 fiscal years.

During the last 10 fiscal years the number of passports issued in the United States increased by nearly 32 percent, which is an average growth rate of about 3 percent per fiscal year. However, passport agencies have experienced wider issuance workload fluctuations with annual decreases as much as 11 percent and increases as great as 20 percent from one fiscal year to the next. Much of the variation is due to economic conditions which can reduce or increase the number of U.S. citizens traveling abroad and thus cause unexpected changes in the number of passports issued. Chart B on the following page presents passports issued from passport agencies during fiscal years 1971 to 1980.

CHART A

MONTHLY PASSPORT ISSUANCES

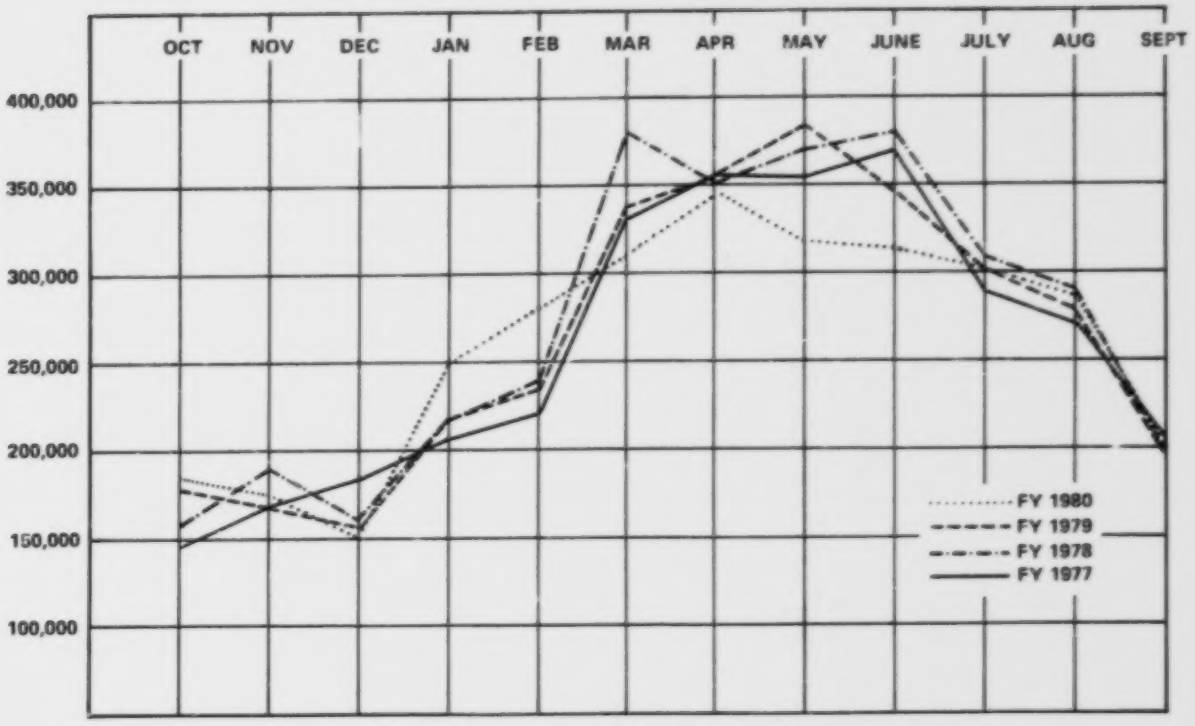
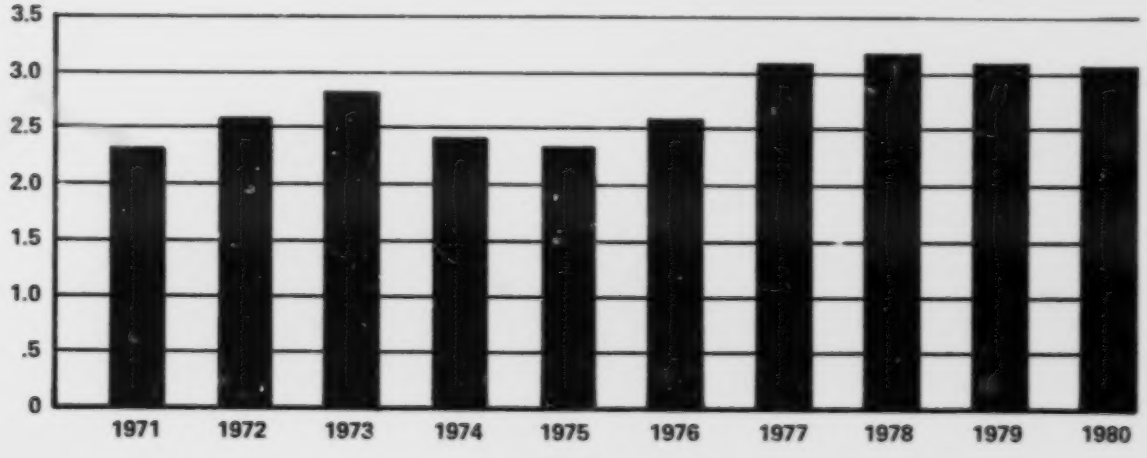


CHART B

DOMESTIC PASSPORTS ISSUED: FISCAL YEARS 1971-1980
(IN MILLIONS)



PASSPORT TYPES

The United States uses three major types of passports--regular, official, and diplomatic. The regular passport, sometimes referred to as the tourist passport, is the most widely distributed and is issued for personal or business travel abroad.

Since 1780 there have been 10 variations of the regular passport. Presently regular passports are easily identified by their dark blue covers. They are normally issued with 24 pages to accommodate visas and border crossing stamps, although a 48-page passport is available for frequent travelers. Effective February 11, 1981, the cost to obtain a regular passport is $15 (a $10 passport fee and a $5 execution fee). If an applicant is able to use the mail-in application only the $10 passport fee is charged. Under certain circumstances, regular passports may be issued at no charge to military personnel, their dependents, Peace Corps volunteers and others departing on U.S. Government-sponsored travel or exempted by law from payment of passport fees. Such passports are referred to as no-fee regular passports.

Official passports are issued to U.S. officials and employees who travel abroad on official Government business and to the military traveling in certain areas. Dependents of such persons may also be issued official passports. An official passport is issued at no charge and can be identified by its maroon cover.

Diplomatic passports which have black covers are issued to Foreign Service officers, officials with diplomatic status, and to persons who may have attained diplomatic status through their official duties or position. When appropriate, dependents of these diplomatic officials may also be issued diplomatic passports. There is no charge for diplomatic passports except for the issuance of special courtesy diplomatic passports which require the payment of regular passport fees. Courtesy diplomatic passports are issued to former Presidents of the United States, their family members, and former high-ranking U.S. Government officials and their spouses as determined by the State Department.

All U.S. passports regardless of type are considered to be the property of the U.S. Government and are now issued with a maximum validity period of 5 years, after which time a new passport must be obtained. Passports may be limited by the State Department for shorter periods under certain circumstances.

The State Department is seeking authority in fiscal year 1982 to extend the maximum validity period for passports to 10 years, and to give the Secretary of State authority to establish the passport fee, which is now prescribed by statute. If this authority is granted, there will likely be an increase in passport fees charged. The Department has stated that the new fees would be set at $30 (a $25 passport fee and $5 execution fee). Another change is a new type of passport with machine readable capability that will be issued on a limited basis in early 1981 and phased

in, agency by agency, over the next few years as part of the Department's new Travel Document Issuance System (TDIS). The new U.S. passport is one of the first passports to be issued under automated systems technology.

OBJECTIVES, SCOPE, AND METHODOLOGY

We reviewed the Department of State's Office of Passport Services, TDIS, passport files miniaturization system, passport records storage, passport fraud programs, special handling fees, and Passport Lookout System. Our objective was to evaluate the effectiveness of these functions within the Department. We reviewed State Department memorandums, contracts, laws, regulations, correspondence, reports, studies, statistical data, and congressional testimony to determine the efficiencies and shortfalls of passport operations. We identified areas in which problems exist and held interviews with State Department officials on what progress has been made and what is being attempted to correct the deficiencies. Discussions were also held with officials of the Federal Bureau of Investigation (FBI), National Archives and Records Service, Department of Health and Human Services, United States Postal Service, Office of Management and Budget, and the Merit Systems Protection Board concerning passport matters.

Detailed review work was conducted at State Department headquarters in Washington, D.C.; passport agencies in Houston, New Orleans, and Los Angeles; three foreign service posts in Frankfurt, Panama City, and Bangkok; and at the Puerto Rico insular passport office. We reviewed documentation on the operational efficiency of various passport functions and obtained comments from State Department officials of the Bureau of Consular Affairs, Office of Passport Services, Office of Security, Foreign Affairs Information Management Center, Office of Inspector General, and the Office of Supply Transportation and Procurement.

We sampled and performed selected tests to verify the procedures for passport application, adjudication, and issuance. We analyzed productivity rates for existing and planned passport issuance systems. We also examined the effectiveness of State Department's passport records management and passport fraud programs.

AGENCY COMMENTS

The Departments of State and Justice provided comments on this report which have been incorporated where appropriate. The Department of State fully shared the concerns covered by the report and found it to be comprehensive, detailed, and helpful.

CHAPTER 2

IMPLEMENTATION PLANS FOR TRAVEL DOCUMENT ISSUANCE SYSTEM ARE INCOMPLETE AT PRESENT TIME

The Department of State has purchased a new computerized Travel Document Issuance System to increase efficiency and reduce the cost of issuing passports. State plans to install the new system in mainland passport agencies to replace current procedures which depend upon deteriorating equipment which is so outmoded that it is no longer produced on the open market. Planning for the system has not been comprehensive and implementation plans have been inadequately developed. Standardizing the module design and centralizing the locations of processing centers would minimize duplication of site preparation and support service costs.

TDIS DESIGN AND STRUCTURE OF PROCESSING CENTERS

The original plan for the TDIS called for installing two standard production modules with an annual average capacity of 250,000 passports per module in 13 of the 14 agencies. Only one module would have been installed in Honolulu. Each module consists of a minicomputer and supporting equipment needed to process a passport application. The plan also required that the average production capacity of the standard module could be increased 50 percent by adding staff; this expansion capacity would enable the agencies to meet the increased seasonal demand using temporary personnel. Each mainland agency would have had an average annual production capacity of 500,000 passports (250,000 for Honolulu). The total annual output of the 14 agencies could reach 6.75 million passports at average capacity and 10 million at peak capacity. By adding equipment, it would be possible to increase the average capacity of each module by 30 percent to respond to the expected annual growth in passport applications. However, the original design plan was changed because the three contractors' bids received were from two to six times above the Department's cost estimate which ranged from $10.3 to $10.8 million.

The revised plan calls for six different designs depending on an agency's average production capacity. Six agencies would be equipped with three configurations of a dual computer module system and seven agencies with three configurations of a one computer module system. Honolulu would not be converted to the new system and would continue to use the existing equipment and process. Expected annual production capacity and staffing analysis for each of the six TDIS design configurations can be seen on page 8.

A standardized module design, combined with a readjustment of agency workloads and a reduced number of agencies or processing centers, would have eliminated the need to design six different designs to meet six different agency capacities. State could still retain current passport agencies as acceptance facilities capable of responding to emergencies, if it desired.

TDIS STATION MANNING ANALYSIS

	DUAL-COMPUTER AGENCIES			SINGLE-COMPUTER AGENCIES		
	Washington Boston New York	Los Angeles San Francisco	Chicago	Philadelphia	New Orleans Seattle Miami	Houston Stamford Detroit
Agency Annual Design Capacity	500,000	450,000	400,000	350,000	300,000	175,000
Performance Validation (37.5 hours) Capacity	15,000	13,500	12,000	10,500	9,000	5,250
Mail Clerk	2	2	1	1	1	1
Data Entry	9	8	7	6	6	3
Adjudication (+ Counter Adj.)	23 + 6	21 + 6	19 + 6	17 + 5	14 + 4	8 + 3
Cashier	3	3	3	2	2	1
Book Print	4	3	3	3	2	2
Assembly	6	6	5	4	4	2
Suspense	4	4	4	3	3	2
Inquiry	2	2	2	2	2	1
Supervisors	4	4	4	2	2	2
Quality Control	2	2	2	2	2	1
TOTAL PERSONNEL	65	61	56	47	42	26

SOURCE: Volume IV System Description Addendum to TDIS Proposal by Planning Research Corporation.

RETENTION OF CURRENT AGENCY JURISDICTIONS COULD DIMINISH TDIS EFFICIENCY GAINS

If workloads are not redirected during and after TDIS is installed in the mainland passport agencies, productivity gains will be partly or entirely lost. For example, if the Chicago Agency is equipped to produce 400,000 passports annually and the geographic jurisdiction supplies only 255,500, the cost per passport will increase. Efficiency losses could be minimized by redirecting agency workloads and adjusting personnel levels to meet workload demands.

Production capacity

Projecting State's original estimates of zero volume growth in fiscal year 1980, 4.5 percent in 1981, and 8.5 percent in 1982 through 1985, 12 agencies would have excess average capacity at time of installation. At the end of the first full year of operation, 9 agencies would have excess capacity.

During preparation of its budget submission for fiscal year 1982 and shortly before the TDIS was to become operational at the first installation, State revised its expected growth rates. Using the revised rates, all agencies will have excess capacity when the new system is installed.

TDIS began operations in the Washington Agency during 1981, with the next two installations planned for Chicago and Los Angeles. These three agencies will be equipped with an average capacity (at the time of installation) greater than their current workloads and, considering average capacities only, will be equipped to handle the equivalent of 44 percent of total passports issued by all the passport agencies in fiscal year 1980.

Staffing levels

Personnel levels at the agencies will need to be adjusted as TDIS is installed so that the efficiency gains will not be lost. Personnel levels prior to conversion to TDIS at the Washington and Los Angeles Agencies exceed those needed to meet peak production capacity. Further, if workloads are taken from agencies operating under the old system, their personnel levels will become excessive. If personnel levels at either newly equipped agencies or at agencies which have lost workload volume are allowed to exceed the level required, then the productivity and efficiency gains of the TDIS will be reduced or lost by unnecessarily high production costs for issuing a passport.

DEPARTMENT PREPARATIONS ARE INSUFFICIENT

Although Department officials are aware of the problems related to redistributing workload and staff to obtain maximum benefits from the installation of the TDIS, they have yet to formulate a clear strategy for dealing with these problems. The Department must decide:

UNITED STATES PASSPORT AGENCIES

Source: Department of State

--How much workload to divert and from which agencies.

--Which acceptance facilities will have to be informed of the change. (Post offices and courts receive passport applications and forward them to passport agencies.)

--How the change will affect the operations of the agencies losing workloads, especially if State wants to accommodate personnel savings through attrition.

In August 1977, Arthur D. Little, Inc., issued a report under a State Department contract which provided a mechanism for estimating future passport application demand, using criteria affecting demand as the determining elements. Use of such a mechanism could significantly enhance State's ability to manipulate workload levels and to review geographic jurisdictions on a continuing basis to meet the needs of volume growth with fewer than 14 passport agencies.

Reducing number of processing centers would achieve savings

Reducing the number of processing centers does not have to impede service to the public. Although agencies may be located in key cities, many people are not geographically located near passport agencies and must, therefore, file their applications with acceptance facilities, such as post offices and clerks of courts. The existence of a procedure for accepting applications at acceptance facilities and forwarding them to processing or issuance facilities indicates that the number and geographic location of the agencies is not significant to the timely issuance of passports. Agencies received 17.3 percent of the total number of applications directly from the public in fiscal year 1980. On the other hand, individuals mailed in 22.7 percent of the applications and post offices, State courts, and Federal courts, received 32.4 percent, 21.4 percent, and 0.8 percent, respectively, and forwarded them to the agencies for processing and issuance. Further, military agents accept applications from military personnel and their dependents and forward them to Washington, D.C., for processing. These and other no-fee passport applications accounted for the remainder, or 5.4 percent.

Reducing the number of processing centers and basing the workload on the number of standardized modules installed would reduce costly duplication of contract tasks. Design work for the system would have been simplified. Instead of six module configurations, the contractor would have had to design only one. Reducing the number of processing centers would eliminate the need to contract with architectural firms to prepare 13 different floor plans, contract to make 13 separate computer rooms and contract for other support services such as power sources, air-conditioning systems, and security provisions for the 13 locations. Because the contract gives the Department the option to install TDIS at 13 passport agencies and,

as of April 20, 1981, the option had been exercised for 2 agencies, the Department could yet alter its plans with respect to the remaining 11 agencies.

PREPARATION SHOULD BEGIN NOW FOR PRODUCTION OF TDIS PASSPORTS FOR THE HONOLULU PASSPORT AGENCY, FOREIGN SERVICE POSTS, AND INSULAR OFFICES

Under the current TDIS contract, the Honolulu passport agency, 221 overseas foreign service posts (as of August 31, 1980) and 4 U.S. insular issuing facilities (Puerto Rico, Virgin Islands, Guam, and American Samoa) are not scheduled to issue the new TDIS type passport. In fiscal year 1980 these locations issued about 290,000 passports.

If these locations continue to issue the present passports after the mainland issuing agencies begin to use the TDIS, Americans will travel with two distinct types of passports. Moreover, the advantages gained with the TDIS passports would not be realized to the extent old passports continue to be issued. The TDIS passports are designed to be read by machines which increases control over their use.

Early identification and review of alternatives will give State the best opportunity for defining the most cost-effective solution for issuing the TDIS type passports for all locations.

CONCLUSIONS

The State Department has not adequately prepared for the implementation of the new passport issuance system. Planning is incomplete, and timely decisions have not been made. State, however, can preserve, and possibly enhance, the gains offered by the new system if it gives priority to comprehensive preparation for implementing the new system.

RECOMMENDATIONS

We recommend that the Secretary of State:

--Restructure the system to use one standard design at a reduced number of passport processing centers.

--Use the methodology provided by the 1977 Arthur D. Little, Inc., study on passport markets to continually review the geographic sources of potential market growth so that workloads can be maintained at appropriate levels.

--Develop and implement a plan, when appropriate, to issue the new TDIS type passports for the Honolulu agency, the insular offices, and the overseas foreign service posts.

AGENCY COMMENTS

The State Department generally agreed with the concerns raised by our report but noted that as the TDIS project has progressed subsequent to our review, planning efforts have been intensified. The Department implemented a plan and methodology to spell out objectives, assign responsibilities, track actions taken, set milestones and automatically flag deficiencies or problem areas. The Department also noted that some of the planning suggested depended on the successful functioning of the new electronic automated system and that many of the matters raised in the report have already been addressed. The Department did not address the recommendation to restructure the system to use one standard design at a reduced number of passport processing centers which we feel is a major issue from the standpoint of cost and management of the system once installed. We continue to be of the opinion that comprehensive planning should have ensued earlier in time for a project so important to the Department's activities in the Passport Services area.

The Department stated it has and will continue to consider the Arthur D. Little, Inc. "U.S. Passport Market" study forecasts when this proves accurate but that the forecasts were not accurate because two caveats--that airfares remain constant and per capita income grow 3.1 percent annually--had not occurred. We did not intend that the Department use the forecasts of the study but rather that the Department utilize the methodology provided by the study which was one of the stated objectives of the study.

The State Department agreed with our recommendation to develop and implement a plan to issue TDIS passports for the Honolulu agency and insular possessions.

CHAPTER 3

PASSPORT FILES MINIATURIZATION SYSTEM

PLAGUED WITH MANY PROBLEMS THAT NEED CORRECTING

The Passport Files Miniaturization (PFM) system is a computerized microfilm records storage and retrieval system. It was implemented in October 1978 to replace a manual file process that had become obsolete in handling increased volumes of passport applications.

Although designed to decrease the growing physical volume of passport records and ease a file retrieval problem at a reasonable cost, the PFM system has instead created a severe backlog of records, increased personnel levels, caused additional records and management problems, resulted in added costs, and has impacted the operational efficiency of the State Department's Office of Passport Services.

BACKGROUND OF PASSPORT RECORDS SYSTEMS

The Office of Passport Services maintains over 12 types of passport records files. Of those files, passport application records require the greatest amount of storage space and are the most active files. Passport records, stored at the General Services Administration (GSA) Washington National Records Center, and the National Passport Office, are estimated to total at least 140 million documents at the end of 1980. We identified four types of records filing systems used by the State Department's Office of Passport Services over the years to store passport records.

From 1906 to 1925 the passport application files were arranged in numerical order. Between 1925 and May 1955, the Department operated a file system for their passport applications in strict alphabetical sequence. However, the alphabetical filing system was prone to heavy filing backlogs and a misfile rate of nearly 30 percent. In 1955, at the recommendation of GSA's National Archives and Record Service, the Department implemented the Modified Alphabetic Drop filing system. Under this system, incoming passport applications were not placed in strict alphabetical order, as was done previously, but were manually sorted into alphabetical ranges and ultimately dropped into approximately 150,000 file folders that were maintained chronologically. This system was in use until 1978 when it was replaced by the automated PFM system that uses microfilm and computer technology to store passport application information more efficiently.

Old filing system deficiencies

Although the manual filing system was effective when installed in 1955, it quickly became inadequate as the passport workload increased. In 1955 only 528,009 passports were issued and renewed. By 1970 passport rates had quadrupled to 2,219,159 and were still increasing. Although the system was exceptionally good in handling small volumes, it became wholly unsatisfactory in handling such a large increase in records volume. It was efficient in filing applications, but retrieving a record was more difficult and time consuming because a needed file was stored and searched for in alphabetical ranges rather than in strict alphabetical sequence. Aggravating the system was the practice of refiling a pulled application in a current block of records instead of the year in which it was originally filed. This practice often necessitated multiple year searches before a file could be located. Sometimes a requested record could not be located because of its misfiling within the sheer volume of files.

Development of a replacement file system was slow

By 1967, the Department had called the Modified Alphabetic Drop filing system obsolete. Numerous alternatives were evaluated by State Department staff and by a commercial contractor before procurement of a new records system was initiated 10 years later.

Early analysis by the Department explored the possibility of replacing the manual file system with an automated one. Department officials recognized that such a change would be a sophisticated undertaking and in 1970 they requested the assistance of the National Archives and Records Service to study the file problem and to develop recommendations for a new records system. The study team performed an analysis and reported conclusions in 1971. The basic recommendation was to implement a numerical file system arranged by passport number that would be aided by a computer for alphabetical cross referencing of names. In 1972, the proposed computerized file system was initially included in State Department's budget request but was later removed when updated cost estimates showed no overall savings.

Afterwards, other automated file system evaluations were performed by an independent contractor. In August 1974, the first of a two-part contractor study evaluated records filing and retrieval requirements and described the automated miniaturization techniques that were available. A final engineering report, issued in late 1974, recommended that a combined computer and microfilm system, called the Passport Files Miniaturization system, be implemented in two phases to solve the Passport Office's records problems. Phase I was for the immediate start of the PFM system to be compatible with existing passport processes and procedures. Phase II was to be implemented later and called for modification of the operating microfilm system to be compatible with a new passport

issuance process called the Travel Document Issuance System. TDIS was also a computerized operation and was still in development in 1974.

Expectations of the PFM system

In May 1977 the State Department executed a contract for procurement and installation of PFM microfilm and data processing equipment at the National Passport Office in Washington, D.C. Once a passport is issued, the passport applications are forwarded to Washington from the passport agencies, insular offices, and foreign service posts for centralized records processing. After being assigned a file location number and microfilmed, a computerized index is established that cross references the name, passport number and file location of a record. This allows records to be maintained in numerical sequence and eliminates the need to alphabetize the records. The PFM system became operational October 1, 1978.

In implementing the PFM system, the Department hoped to eliminate records and retrieval problems that had plagued the Passport Office under the old manual file system and expected the new automated miniaturization system to:

--Reduce temporary staffing requirements for files management by 18 staff years.

--Decrease the physical volume of files materials.

--Reduce the number of unlocated records.

--Diminish the reliance of the Washington National Records Center to retrieve original passport records.

--Offer cost savings benefits after about 8 years.

The PFM system has not reduced overall staffing requirements but instead increased them, as discussed below. A decrease in physical volume of files, likewise, has not occurred mainly because of overly restrictive records retention periods. This problem is addressed in a following chapter. Unlocatable records are probably a more common occurrence now since there are a large number of files backlogged within the PFM system. Furthermore, it has not reduced the reliance on the Washington National Records Center and has not offered effective cost benefits because of the continued difficulty with managing the large volume of original paper records and operating the problem-plagued PFM system.

REDUCTION IN RECORDS MANAGEMENT STAFF HAVE NOT OCCURRED

In 1978 congressional hearings, State Department officials testified that due to implementation of the PFM system, they were able to directly save 18 temporary staff years from file room operations. Although temporary staff have been reduced,

permanent staffing levels have actually increased since PFM was implemented. Furthermore, a second work shift has been necessary to maintain the system's operability and independent contractor help is necessary to relieve an acute backlog of keypunch processing work.

The number of Passport Office personnel employed in passport records management at various times since February 1978 follows:

STAFFING STRUCTURE OF PASSPORT

RECORDS PERSONNEL

	Actual staff levels			Authorized
	Permanent	Temporary	Total	Total
Manual file system 2/1/78	44	23	67	74
Integration of PFM system 8/1/78	42	37	79	74
Implementation of PFM system 10/1/78	64	19	83	74
PFM aided by second shift 8/1/80 (note a)	46	46	92	109

a/Second PFM shift includes 1 permanent, 25 temporary staff with a total authorized of 32.

Although staffing levels for temporary records personnel were reduced as anticipated by 18 positions with the implementation of the PFM system, total staffing levels in October 1978 actually increased through the addition of 22 permanent employees. Thus the PFM operation effectively caused an increase in personnel instead of a decrease.

Between January 1979 and June 1980, PFM staff levels dwindled because of employee attrition and recruitment difficulties. The Passport Office was unable to fill its PFM vacancies after January 1979 because of a lack of approved position descriptions resulting from a reorganization of the Bureau of Consular Affairs. In August 1979, PFM position descriptions were approved, but reduced grade classifications and employment processing problems have continued to present staffing difficulties to the Passport Office.

In June 1980, the Department was able to staff a second workshift for the PFM operation in order to alleviate a backlog of over 2 million passport applications that had built up while there were restrictions on hiring. The second shift has helped to keep up with the inflows of passport applications, but has

been unable to substantially reduce the backlog. PFM staffing levels as shown in the chart on page 17 have increased well above those levels used by the manual file system because expected efficiences from the PFM system have not occurred.

OPERATING LEVELS HAVE FAILED TO ACHIEVE SPECIFIED WORKLOADS

The PFM system functioning as a combined microfilm, computer and records retrieval system, has never met its minimum daily performance requirements. These requirements contractually specified the PFM equipment, operated by average-trained personnel, during an 8-hour day, is to attain the following processing levels when the tasks are performed together.

--Microfilm 14,000 passport applications and supporting documents (35,000 exposures).

--Index (data entry) 14,000 passport applications from microfilm.

--Complete 1,250 information retrievals.

--Process 25 master films.

--Duplicate 100 copies of master films (4 copies from 1 master film).

Our review of PFM's daily workload reports indicates that the PFM system has never been able to achieve these performance levels within an 8-hour day. Furthermore, Operational Capability Demonstrations, performed by the PFM contractor prior to the Government's acceptance of the system, failed to achieve these standards when all operational tasks were conducted simultaneously. An even more serious question arises in the system's ability to handle increased workloads should passport application rates increase in the future.

SYSTEM BACKLOG HAS ACCUMULATED RAPIDLY

During PFM's short life span of just over 2 years, a backlog of over 2 million applications developed. Within 2 months after PFM became operational the Department was aware of the extent of PFM's processing deficiencies. In correspondence to the PFM contractor on December 13, 1978, the Department stated, "* * * operation of the PFM system during the prime shift, or 40 hours per week, will not allow us to process all incoming applications on a continuous basis without developing unacceptable backlogs." The PFM system, which was engineered to maintain a slight backlog for seasonal fluctuations in passport activity became a problem immediately when data entry operations or key punching could not achieve the desired daily processing rate of 14,000 applications. The chart on page 19 shows the accumulated monthly data entry backlog since the program's inception in October 1978.

PFM DATA ENTRY BACKLOG

Beginning of month	Document backlog	Beginning of month	Document backlog
October 1978	138,600	October 1979	1,271,249
November 1978	129,600	November 1979	1,415,564
December 1978	177,600	December 1979	1,551,348
January 1979	162,000	January 1980	1,753,604
February 1979	77,400	February 1980	1,885,287
March 1979	205,800	March 1980	1,958,001
April 1979	264,855	April 1980	1,846,499
May 1979	467,300	May 1980	1,916,722
June 1979	663,670	June 1980	2,001,196
July 1979	714,283	July 1980	1,983,601
August 1979	879,852	August 1980	1,933,240
September 1979	1,098,704	September 1980	2,021,203
		October 1980	2,124,862

The backlog has a substantial impact upon the passport operations of the Department. Original applications awaiting data processing are extremely difficult to locate because they are microfilmed in random order before being entered into the computer. Easy reference to a document's location is only available after it is entered into the computer. Since the passport applications awaiting data entry are difficult to locate, about 2 million documents are affected. The Department estimated that about 105 out of 1,500 requests received from the public each month for application records cannot be satisfied because files are tied up in the PFM backlog. The Department is forced to respond to inquiries for these application records by stating that requested files are unavailable because of technical and work backlog problems and ask that they make their request again in 6 to 8 months.

The inability of PFM's data entry operations to keep up with the processing workload is particularly disturbing since the 1979 and 1980 application rates have been lower than those rates experienced in 1978.

DATA ENTRY HAS BEEN BELOW ANTICIPATED LEVELS

According to the Department, data entry operators lacking basic keyboard skills, coupled with a staffing level that has averaged well below the authorized level, have been major causes of the work backlog. A daily production level of 14,000 applications was anticipated in designing the PFM system. Actual production has been substantially below these levels, as total daily processing rates have generally ranged between 7,000 and 10,000 applications. Calculated from industry standards, each PFM data entry operator was expected to achieve 860 application entries per day. According to Department records, the average performance level of a PFM data entry operator is 675 entries per day, although a few of the operators have achieved or exceeded the minimum processing standard. The data entry operations were substantially affected for nearly 1-1/2 years early in the program when hiring of data entry operators was impeded because of recruitment difficulties and the lack of approved position descriptions resulting from a January 1979 reorganization of the Bureau of Consular Affairs.

COMPUTER DESIGN NOT SUITED FOR WORKLOAD

Prior to the Department's acceptance of the system, PFM experienced numerous operational deficiencies caused by data processing and programming limitations that prevented it from achieving desired processing rates. Some of those same computer programming restrictions and electronic file storage constraints exhibited then continue to be a problem today. For example, information retrievals from the computer cannot be performed without causing data entry delays. Some of PFM's computer operations may take hours to perform, limiting data entry operations significantly while other operations can cause data entry delays of only 8 to 12 seconds. Delays of only a few seconds, however, can be critical to the system since it is expected to accept a new data entry on the average of one every 2 seconds.

To correct the limitations of the PFM system significant data processing design work needs to be done. Engineering efforts should be initiated to identify and correct all the system deficiencies that are causing data entry delays.

POOR MICROFILM IMAGES PREVAIL

The reproduction qualities of microfilmed passport applications has not been adequate under PFM. Besides some films being difficult to read for data entry, paper copy reproductions from the microfilm have been of poor quality. Poor photocopies that are unacceptable to users cause delays and frustrate work assignments as original documents must be searched and retrieved.

At times the reproduction quality of microfilmed applications has been so inferior that an applicant's picture has been totally blacked out. This causes problems for passport examiners, especially those involved in passport fraud and legal matters, who attempt to verify the identity of passport applicants by photo comparison.

According to the contractor, the PFM system was designed to provide high resolution microfilm copies of printed and written data on the original application but will not offer a highly readable copy of the photograph attached to the application. The contractor indicated quality microfilmed photographs can be achieved using a different processing and chemistry technique, but added that using a different process could complicate other PFM functions substantially. Our review of contract correspondence issued prior to acceptance of the PFM system shows that poor microfilm quality was a problem early in the program. State Department contract officials attempted to get the PFM contractor to correct deficiencies in microfilm quality, but the Department later determined that the microfilm operation was operating at its best capability even though the image limitations remained. Most of the poor quality of microfilm images have occurred when the photograph is color. Since color photos are becoming increasingly popular for use in U.S. passports, the poor image quality produced by the PFM system is of great concern to the Department.

In response to our earlier proposal that the Department conduct a thorough technical examination of PFM's microfilm operation to identify why the deficiency prevails, the Department informed us in May 1981 that a study had identified the reasons for microfilming problems and remedial measures are being initiated. If these remedial measures do not satisfactorily resolve the image problem, the Department may have to require that photographs submitted with passport applications be only black and white.

COST

The PFM system cost about $1.3 million. A Department memo stated that during its first fiscal year of operation, 3,249,902 applications were microfilmed through the PFM system. At the end of the year, however, 1,273,812 of those applications were still awaiting data entry. Thus, only 1,976,090 applications completed PFM processing during its first year of operation at an average cost of about 44 cents per application.

In future years, PFM's cost of operations can be expected to increase substantially due to increased staffing levels in the daytime shift, implementation of a second work shift, and a contract to alleviate the accumulated data entry backlog. The estimated cost to staff the second shift from July 1979 to September 1980 was nearly $250,000. Savings of $84,168 will likely result from a new equipment maintenance policy but will not nearly offset the increased costs incurred in attempts to reduce the data entry backlog. The Department has estimated it will cost over

$400,000 to reduce the PFM backlog by contracting for data entry assistance. Thus, because of PFM's backlog and design limitations it will cost the Department at least $650,000 to cover PFM's operational deficiencies.

QUALITY CONTROL

PFM operations have suffered from poor quality. Illegible applications arriving from passport agencies, insular offices, and foreign service posts have affected processing preparations, filming and data entry operations, contributing to PFM's poor system performance.

Some applications forwarded to Washington for PFM processing by passport issuing offices are not being correctly completed or legibly written by passport examiners. Other applications have been received with faintly stamped passport numbers that after microfilming are totally indiscernible. Documents that are difficult to read in original form are even more difficult to read from microfilm. The PFM system uses microfilm copies for data entry and requires clear images. Errors resulting from hard to read passport numbers cause data retrieval problems.

DATA BASE INTEGRITY IS QUESTIONABLE

The data entry error rate is estimated by the Department at 6 percent. These errors only represent data entry mistakes that are detected by the programed edits of the computer, such as a number in the alpha character field or incorrect abbreviated codes. However, errors in name spellings, incorrect birth dates, or passport number transpositions, may go undetected and erroneously become part of the data base. Such undetected errors entered into the system can cause an application to become lost or put in the "can't find category" when its retrieval is necessary. The known errors in the PFM data base are referred to as modifications. They have been accumulating since the program began. On October 5, 1978, there were only 15,352 modifications. The majority of modifications are duplicate passport number errors and in June 1979, the Department estimated that they had over 2 staff years of modification work on 37,000 known errors. By May 1, 1981, the number of modifications had grown to about 60,000.

OVERSIGHT RESPONSIBILITY NEEDS CLARIFICATION

The Foreign Affairs Information Management Center (FAIM) is an office within the State Department that is responsible for overseeing all the Department's microfilming activities, including the Passport Files Miniaturization operation. It also is responsible for other records management activities within the Department. According to State Department regulations, the FAIM office is supposed to

--review for approval all microfilm projects,

--determine the practicality of microfilm systems,

--insure compliance with Federal regulations and standards,

--obtain records disposal and clearance authorizations,

--assure the legal status of microfilm copies, and

--establish equipment and supply standards.

Despite this specific oversight responsibility in microfilm matters, the Passport Files Miniaturization system, according to a Department official, was never approved by the Foreign Affairs Information Management Center. Furthermore, FAIM officials have never reviewed or inspected the PFM system. Recently issued Federal Property Management Regulations have mandated that microfilm systems be reviewed periodically and inspection logs be maintained. Responsibility for those duties has been established within the FAIM office but according to Department officials has not been met because of inadequate staffing levels.

According to a Department official, responsibility of passport records has always been with the Department's Office of Passport Services. Even though the Department reorganized some passport offices within the Bureau of Consular Affairs in January 1979, the Office of Passport Services has retained a degree of autonomy for operation and responsibility for its records management activities.

FAIM also runs a microfilm system that operates similarly to the Passport Files Miniaturization system. FAIM's expertise could be of great use to the Passport Office. FAIM could identify areas in the Passport Office that may offer operational savings. For example, Department officials have said that a $71,000 computer microfilm recorder purchased for PFM and used infrequently was unnecessary because a similar machine was available for use in FAIM.

CONCLUSIONS

The Passport Files Miniaturization system has plagued the Department with numerous problems. Deficiencies of the PFM system that appeared prior to the Department's acceptance of the system still prevail today and are impacting on the operational efficiency of the Office. Management attention to PFM's problem areas has not been adequate.

The Department's PFM system has some very good qualities over the previous manual records storage system. Quicker information retrievals, smaller storage requirements and diminished reliance upon original paper records are some benefits that are available by using a computerized microfilm system such as PFM. However,

because PFM's operation has been less than satisfactory, the Department, instead of achieving the full benefits of the new system has been faced with many new problems. Increased staffing requirements, inferior reproduction quality, work backlogs, high error rates, data processing restrictions, inaccessible paper records, inadequate design, and added costs of the PFM system continue to cause difficulty to the Department. Many of these problems are technical in nature and require concerted management attention to remedy the deficiencies.

RECOMMENDATIONS

We recommend that the Secretary of State

--direct that a technical team be formed to review the Passport Files Miniaturization system to identify and correct design, operational, and technical problems that are impairing the system's efficiency;

--correct the PFM system's programing and data entry;

--reestablish and clarify specific responsibility for passport records matters, including oversight of the Passport Files Miniaturization system by the Foreign Affairs Information Management Center; and

--direct that periodic inspections of the PFM system be performed and inspection logs be maintained by FAIM.

AGENCY COMMENTS

The State Department agreed that the PFM system was experiencing many difficulties, many of which were anticipated. The Department pointed out that the PFM system was initially conceived as a temporary stopgap pending integration of the system with the TDIS. The Department stated that most of the current problems and the seeming lack of savings should disappear once the two systems are combined.

The Department did not directly address the recommendation that a technical team be formed to identify and correct system problems. Instead, the Department stated that the system is sound in concept and staffing of the system both in terms of quantity and quality of employees has been a problem. The Department also stated that the several start-up problems identified in the report have been or are being solved. We agree that staffing problems have been a contributing factor to the PFM problems. We also agree that the Bureau of Consular Affairs has taken and is taking actions to improve the system. However, we are of the opinion that efforts need to be taken to correct limitations of the systems operations--physical hardware and computer operational constraints--which we believe have also been contributing factors to the system inefficiencies.

As to the recommendation that the Department correct the PFM system's programming and data entry, the Department commented that the occurrence and detection of errors in the data base are manageable because means other than programmed edits are available for checking purposes. We agree with the Department that other than programmed edits are available for checking purposes. Our concern is that the integrity of the PFM data base is being compromised by the increasing volume of uncorrected errors.

In commenting on the recommendations dealing with FAIM, the Department stated that FAIM expertise would be useful to PFM in reviewing operations and background, but that organization is not staffed adequately to proceed as far in monitoring and evaluating the PFM system as suggested in the report. We recognize that what FAIM personnel can do as far as carrying out their responsibilities to monitor and evaluate the PFM system depends on the availability of staff. We believe the Department should make use of FAIM expertise to the extent possible. Periodic inspections need not be time consuming and could be accommodated with a minimum demand on limited FAIM staff.

In commenting on a recommendation that the Department acquire the necessary equipment to permit the PFM system to use the TDIS magnetic tapes so as to avoid the costly manual entry, the Department said that its TDIS implementation contract provides that the vendor will develop the necessary softwares and procedures to integrate or interface the two systems and this will provide the costs savings in personnel resources now needed to operate PFM in the manual mode. The TDIS contract was amended to include these provisions subsequent to completion of our site work. Therefore, we are not recommending that this be done.

CHAPTER 4

EFFORTS ARE NEEDED TO REDUCE STORAGE OF EXCESSIVE RECORDS

The State Department has become overburdened in storing passport records. Although the Department's new files miniaturization system offers a workable solution to some records management problems, several deficiencies regarding storage of passport records remain unresolved.

Over 140 million passport documents are maintained in storage at considerable cost to the U.S. Government. The Department uses old passport records for a variety of reasons. For example, old files may be used to confirm citizenship of applicants, to ascertain an applicant's U.S. citizenship from information in a parent's previous passport application, and to investigate and prosecute passport fraud.

Most of the stored records, composed primarily of passport applications, are stored at a GSA records center located in Suitland, Maryland. A substantial amount of passport records are also stored at the National Passport Office which is collocated with the Washington Passport Agency in Washington, D.C. Early passport records dated before 1925 are maintained as historic records by the National Archives.

File storage costs are large. At the National Passport Office, space allocated to store its records is expected to cost the State Department about $205,000 in fiscal year 1981. GSA does not charge the State Department to store passport records, although it is estimated to cost about $56,000 yearly. They do charge for file searches when the Department requests passport file retrievals. In 1979, nearly 34,000 file retrieval requests for records cost the Department about $87,000. Each request, on the average, required about three separate searches before the file requested was located. File searching is hampered by the sheer volume of records and by the inadequacies of the old manual file system that were discussed in chapter 3.

GSA has encouraged the State Department to reduce its holdings of passport files for many years. Numerous discussions have taken place to improve passport records storage and file retrievals. The biggest difficulties have been encountered with records originating prior to 1971 when disposable and permanent records were filed together in passport application files.

Between 1925 and 1970, passport applications (disposable records) and federally issued vital records (permanent records), were filed together. Prior to 1956, vital records issued by State and local governments and submitted with passport applications were also filed together.

Federally issued vital records consisting of Reports of Birth of American Citizens Abroad, Certificates of Witness to Marriage, Certificates of Loss of Nationality, and Oaths of Repatriation are maintained as original documents and are only available from the Department's files. These specific documents are the only ones considered by GSA and the State Department to be permanent records. All other records within the application files are disposable. Since 1971 the federally issued vital records have been maintained separately from disposable records, but before then these records were intermingled and remain so and are the source of great difficulty to the Department.

Retention schedules for disposable passport records originating between 1925 and 1978 call for their destruction after 100 years. Some records originating after the latter half of 1978 are under a different retention schedule because they are microfilmed. Microfilmed original records are to be retained for 15 years before being destroyed and the microfilm copies are to be retained for 100 years. Because microfilming of passport records began only about 2 years ago, no passport records have reached the 15 year retention limit.

Retention schedules for Federal records are set by the originating agencies and are approved by GSA. GSA has no authority to alter the retention period of records without agency consent but does offer guidance in determining them. GSA's efforts to persuade the Passport Office to retain passport records for shorter periods have not been effective.

SEPARATION OF PERMANENT AND DISPOSABLE RECORDS ARE NEEDED

Passport records stored at the GSA records center for the period between 1925 and 1970 cost about $41,000 per year in storage costs. Both permanent and disposable passport records are mixed together in these files and will eventually require separation when the disposable records reach 100 years of age. GSA estimates that about 1,300 cubic feet or 3 percent of the passport files in storage from 1925 to 1970 are Federal vital records, to be retained permanently. The rest are disposable records. Under GSA regulations, interfiling of permanent and disposable records is prohibited and GSA has made repeated attempts to persuade the Passport Office to separate them. According to GSA, the vast majority of requested file searches received from the Department are for vital records rather than for passport applications. They have stated if separation of the vital records were accomplished, it would nearly eliminate the search problem now encountered.

At the present time, a requested file may be located in one of three or more blocks of files. As a result, it is usually the case that more than one file has to be searched for a record. In fact, the "unsuccessful" search rate is currently 2 out of 3

searches, although the vast majority of searches are eventually satisfied. In 1978, GSA estimated it would cost nearly $340,000 to separate vital records from application files. The same year the Department spent about $56,000 for "unsuccessful" searches for passport records. In fiscal year 1979 they spent about $60,000 unsuccessfully searching for records.

PASSPORT RECORDS RETENTION PERIODS ARE EXCESSIVE

Most of the records that the State Department has in storage are being retained for 100 years. The lengthy retention period has caused the volume of passport records to accumulate to enormous levels, placing costly storage burdens upon the Government. In 1978, passport documents began to be microfilmed under the Passport Files Miniaturization system. Although microfilmed, the original records are also being held for long periods. Unless the retention schedules are adjusted for original passport records, the Government can expect to incur millions of dollars in records storage costs before appreciable reductions of present records storage volumes begin appearing many decades from now.

As of November 1980, there were 58,685 cubic feet of passport application records stored at the Washington National Records Center. An additional 17,218 cubic feet of records located at the National Passport Office will eventually be moved to the GSA records center for long-term storage. All of the records are being retained for 100 years except for about 3 percent of the files which are considered permanent vital records and application files originating after mid-1978 which are under a 15-year retention period.

The earliest disposable records are dated 1925. However, 1925 records are arranged alphabetically with other application records up to 1940, and since these records are under a 100-year retention schedule, they will not be eligible for destruction until the year 2041. Likewise, records from 1941 to 1955 are scheduled to be held until 2056. The remaining application files up to 1978 follow a similar retention pattern up until the year 2079.

GSA estimates it costs 99 cents per cubic foot to store passport records each year. Using this rate, the cost to maintain the 1925 to 1978 passport records at the GSA records center for the full 100-year retention limit will be about $5.5 million. However, if these records were to be held for only 15 years instead of the full 100 years, storage costs would be less than $300,000, a savings of over $5 million.

Listed below are the Department's passport application file holdings by cubic feet at both the GSA records center and the National Passport Office. These holdings represent over 140 million documents and are of such a volume, although stored differently, it would require over 7,500 five-drawer legal-size filing cabinets to accommodate all the files.

PASSPORT APPLICATION FILE HOLDINGS

GSA Records Center	Dates of passport records	Volume (cubic feet)
	a/ 1911 - 1969	181
	1925 - 1940	3,903
	1941 - 1955	10,089
	1955 - 1958	5,709
	1958 - 1961	4,055
	1961 - 1965	6,230
	1966 - 1968	6,225
	1969 - 1970	5,556
	1971 - 1972	6,842
	1973 - 1974	5,167
	b/ 1978 - 1980	4,728
		58,685
National Passport Office		
	1974 - 1977	8,824
	1977 - 1978	3,210
	b/ 1980	5,184
		17,218
Total holdings		75,903

NOTE: Years may overlap because holdings may be divided between the years.

a/Puerto Rico insular passport office application files.

b/These records have been microfilmed or are awaiting microfilming and are currently under a 15-year retention period.

INFREQUENT REQUESTS FOR STORED RECORDS OLDER THAN 5 YEARS

The Passport Office maintains newer files at its National Passport Office because most requests for records occur soon after receipt of an application. A GSA study indicates that 85 percent of all file requests occur during the first 5 years after an application is completed. Listed on page 30 is their chart showing the percentage of application file requests by year.

Passport record block year	Percentage of requests
Current year	20
First full year	30
Second year	25
Third year	5
Fourth year	3
Fifth year	2
Sixth and prior years	15
Total	100

During numerous discussions with GSA about document retention periods, Department officials have presented many reasons for the continued storage of original passport applications. They have placed great emphasis in pointing out that old passport applications can be used to derive the citizenship of others. For example, an individual born overseas that is able to prove a parental link to an American may be able to establish U.S. citizenship by having his father's or mother's U.S. citizenship verified by using old applications pulled from the Department's files. But other ways are just as reliable and effective. One way is through the use of a parent's birth certificate. These vital records are normally available through offices maintained since the 1920s by State and local governments. Other acceptable citizenship documents such as certificates of naturalization are available through the Immigration and Naturalization Service. Should the Department need to verify if a parent was ever issued a passport, old passport issue cards have been microfilmed and can be referenced by the Department.

Other arguments by the Passport Office have highlighted the need to retain previously approved passport applications and accompanying documents in the file as proof of citizenship in the absence of other existing records. They say these old records can be of significant value in establishing a person's right to vote, social security benefits, and eligibility to other public programs. Also, they mention that old records can be used for biographical and genealogical research purposes. The Records Appraisal Division of the National Archives and Records Service, GSA, reviewed the usefulness of passport application file records for these purposes and stated in May 1965 that

--the retention period of passport application files was excessive and should be reduced,

--the continued maintenance of the records was impractical, and

--vital records retained after 1925 other than federally issued could not be justified because of their availability elsewhere.

Later the same year, the Archivist of the United States certified that passport application file records except for federally issued vital records "* * * are disposable because they do not have sufficient value for purposes of historical or other research, functional documentation or protection of individual rights to warrant permanent retention by the Federal Government."

Records originating after mid-1978 are being microfilmed under the Passport Files Miniaturization system. The original paper application forms are being retained for excessively long periods. Law enforcement and passport fraud officials have found it useful to perform handwriting and fingerprint analysis on original passport applications in their investigative efforts. Because most passport frauds are discovered during the period in which a passport is valid, currently 5 years, it seems unnecessary to retain original applications beyond that period. If fraud is discovered outside the 5-year period, microfilm copies of the application can be used in place of the originals for legal purposes.

LEGAL ASPECTS OF RECORDS RETENTION

Under current Federal statute (18 U.S.C. § 3291), criminal violators of passport laws must be prosecuted within 10 years of committing the crime or else be beyond the statute of limitations. Because a passport is valid for 5 years, a 15-year retention period for passport applications is necessary. By holding a passport application for 15 years, the Department ensures that passport crimes, committed on the last day before expiration of a U.S. passport, can be prosecuted with passport application evidence before expiration of the 10-year statute of limitations. We do not believe it is necessary to maintain both original and microfilm files for 15 years since either original or microfilm copy is admissible as evidence in Federal courts. Under 44 U.S.C. § 3312, microfilm copies of records are considered "originals" for purposes of admissibility in evidence.

CONCLUSIONS

Passport records are being retained too long in storage. Lengthy retention periods are causing the volume of records to increase at great costs which will continue for many years before reductions occur. Previous intermingling of permanent and disposable records is presently causing retrieval problems and records will have to be separated eventually. Separation of permanent records from disposable records will allow the Department to comply with GSA regulations and will permit greater search efficiency that would in later years result in savings exceeding the costs of separating the records. The need to retain disposable passport records for 100 years has been questioned by GSA's National Archives and Records Service and the Department has failed to adequately show the need to retain original passport applications for more than 15 years.

Microfilmed passport records reduce storage burdens. The full benefits of microfilming are not being achieved by retaining both the original records and microfilm copies for 15 years. Since microfilm copies can be substituted for original documents in the Federal courts, there has been little reason to maintain original records after being microfilmed, although law enforcement and passport fraud investigations are facilitated when original documents are available during the period a passport is valid--currently 5 years.

To reduce the costly burdens of records storage, the Passport Office should adjust passport records retention schedules. All passport records dated from 1925 to the first half of 1978 except for permanent vital records should be placed on 15-year retention schedules. This would immediately reduce records holdings at the GSA records center by about 51 percent and effectively release about 30,000 cubic feet of storage space costing about $30,000 annually. Retention schedules for original records that have been microfilmed should be adjusted to conform with the validity period of a passport, so the benefits of microfilming can be realized sooner, instead of storing them for 15 years.

RECOMMENDATIONS

We recommend that the Secretary of State

--initiate a project to separate permanent records from disposable passport records,

--adjust the retention schedule from 100 years to 15 years for disposable passport records originating from 1925 to the first half of 1978, and

--adjust the retention schedule for disposable passport records that have been microfilmed from 15 years to the validity period of a passport.

AGENCY COMMENTS

The Department of State did not directly address any of the foregoing recommendations. The Department commented that the storage of passport records has been a subject of continuing discussion between the Department and the General Services Administration. The lack of agreement has been predicated on the inability to arrive at a mutually satisfactory determination of what records are disposable. We are of the opinion that in view of the volume of records and the financial burden to the U.S. Government to store these records, it is important that some resolution be made.

The Department also felt that the conclusions reached in the report on the use of microfilm copies for legal purposes was misleading. The Department stated that while microfilmed copies are admissible evidence as to the facts recorded on the applications,

they are inadmissible for the purposes of proving that an individual being prosecuted is the person who subscribed and swore to the truth of the facts reflected in the application. We are aware of this problem and it was for this reason we recommended that the passport applications be retained for the validity period of the passport, thereby making the original applications available for a period in which most cases of passport fraud would be detected.

CHAPTER 5

PROBLEMS IN PASSPORT FRAUD

Passport fraud denotes an illegal activity to establish a false identity through the passport application process or to counterfeit or alter a passport. Because the passport is an internationally recognized document that attests to the identity and citizenship of its bearer, it has been used for many illegal purposes. Drug smugglers, fugitives from justice, illegal aliens and espionage agents have all used U.S. passports for criminal purposes. For this reason the Department of State, the Immigration and Naturalization Service, the Federal Bureau of Investigation, the Drug Enforcement Administration, and other Federal agencies have an interest in passport fraud. The State Department has a program aimed primarily at detecting fraudulent documentation when application is made for a passport.

Passport fraud statutes make it unlawful to forge, alter, sell, misuse, or illegally procure naturalization or citizenship documents which are then submitted with passport applications or to knowingly make a false statement about, forge, misuse or counterfeit a U.S. passport. Depending on the particular offense, the maximum sentence for felony conviction is a $5,000 fine and 5-years imprisonment.

All suspected fraud cases are screened by the Evaluations and Standards Division within the State Department's Office of Passport Services. The Department usually tries to get other interested Federal agencies to investigate cases rather than initiate its own investigation. Within the Department, investigations are carried out by the Passport and Visa Branch of the Office of Security.

HOW BIG IS PASSPORT FRAUD?

Passport fraud statistics can be deceiving because they only represent cases that have been detected. It is generally agreed that fraud is similar to an iceberg--where the greater portion is well-concealed and remains unseen. The Department, at times, has estimated that about 1 percent of passport applications are fraudulent. Using that criteria, since approximately 3 million applications are submitted annually, 30,000 of them would involve fraud. In 1974 the Department estimated one out of every 1,556 applications was fraudulent. On still other occasions, the Department has said there is really no way to estimate the extent of fraud because those cases that are successful remain undetected. Thus, the real answer to a question on the extent of passport fraud is that its magnitude is unknown.

The statistics for the Department's known passport fraud cases over the last 10 years are as follows:

Fiscal year	Cases	Fiscal year	Cases
1971	604	a/ 1976	1,091
1972	614	1977	1,098
1973	686	1978	1,012
1974	756	1979	772
1975	853	1980	1,002

a/Figure does not include 254 cases discovered during transition period (July 1, 1976, to September 30, 1976) when the fiscal year was adjusted.

One of the more famous fraud cases was that of the drug ring known as the Brotherhood of Eternal Love. Established in the 1960s the ring managed to fraudulently acquire over 200 passports before being discovered by Federal authorities. In another case, an American citizen obtained 18 U.S. passports and delivered them to Soviet espionage agents in East Germany. In 1978, Federal investigators discovered a Filipino crime ring, consisting of between 200 and 250 individuals, half of which were using altered U.S. passports to conduct smuggling and terrorist activities. Many other frauds have been conducted by aliens and others. A Department official estimated 40 percent of all passport frauds involve illegal aliens.

JURISDICTION FOR INVESTIGATING PASSPORT FRAUD NEEDS TO BE AGREED TO FORMALLY

The State Department has no explicit statutory authority to investigate passport fraud; it has an implicit authority to investigate it because it is required to administer and enforce citizenship laws and regulations. Other Federal agencies also investigate passport violations through informal agreements and established working relationships with the State Department.

The Federal Bureau of Investigation has been in close liaison with the State Department for years because both are concerned about the false identification problems. In a 1972 letter from the State Department to the Department of Justice, jurisdiction was given to the FBI to investigate passport fraud cases concerned with national and internal security where imposters assume the identity of deceased citizens. As a result, over 100 passport fraud cases of deceased identity are investigated by the FBI each year.

Individuals violating passport laws are often involved in terrorism, narcotics trafficking, confidence schemes, and other criminal activities that require the FBI's involvement. In 1980, the State Department attempted to get the FBI to accept investigative responsibility for all types of passport violations. In June 1980, the FBI declined to accept any further responsibility other than the type of passport cases then being investigated. The FBI cited for its reason:

"* * * it has been our position that at our present budget level it does not appear feasible for this Bureau to expand its investigative responsibilities to include all passport violations."

Other arrangements considered as working type relationships have been established between the Immigration and Naturalization Service and the Drug Enforcement Administration for them to investigate illegal aliens and drug smugglers that may involve fraudulent use of U.S. passports. None of the arrangements have been formally executed by an agreement signed between the agencies. The Department also has no agreement with the U.S. Postal Service to investigate passport fraud cases using the U.S. mails. Under 18 U.S.C. § 1717 it is a violation to mail a fradulent application, to mail a counterfeit or altered passport, or misuse a passport through the mail. Post offices directly handle over 50 percent of all passport applications that are mailed to passport agencies for processing. In fiscal year 1978 about 24 percent of the passport frauds discovered domestically were executed before U.S. Postal officials.

The existing informal agreements and working arrangements leave the agencies open to civil suits that may arise from claims that an agency acted outside the scope of its authority in passport investigations. Plaintiffs have brought civil actions against the Government claiming an agency has acted outside the scope of its authority in passport violations. Formal agreements signed by the respective agencies would clarify jurisdictional responsibilities and provide a defense against such actions.

Delay in investigating insular malfeasance allegations

Because of unclear lines of jurisdictional responsibility, Federal agencies did not aggressively pursue allegations pertaining to the illegal issuance of U.S. passports and visas by U.S. Nationals employed as Passport and Immigration officials by the American Samoa government. As early as 1975, the State Department became aware of possible irregularities with the issuance of American travel documents in the U.S. insular posession of American Samoa. In 1976, a State Department security officer visited American Samoa for 3 days and found indications of widespread corruption relating to the issuance of American visas as well as U.S. passports. His report recommended that because of the severity of the allegations, that a major Federal investigation be initiated.

Initiation of an expanded investigation has been hampered by disagreements among the State Department, the Justice Department and Interior Department over which agency has appropriate jurisdiction. Even though the Governor of American Samoa in 1976 and its Attorney General in 1977 requested Federal assistance because

of their inability to perform an adequate investigation themselves, the investigation did not take place because none of the agencies believed they had jurisdiction.

During our review of the activities of the American Samoa government in 1978, we became aware of the improprieties in the issuance of U.S. passports and visas. By a confidential letter dated July 17, 1978, we brought this matter to the attention of the Attorney General of the United States and requested his advice and guidance. Because no response was received, we sent a follow-up letter to the Attorney General on June 5, 1980. In an August 7, 1980, response, we were informed that as of July 24, 1980, the FBI had begun an investigation of possible violations of the Federal statutes relating to the issuance of passports and visas and the bribery of public officials in American Samoa.

The lack of formalized agreements between the State Department and concerned investigative agencies has provided barriers to Federal investigation of passport fraud. We believe that questions of jurisdictional responsibility causing unnecessary investigative delays can be effectively resolved by executing such agreements.

FRAUDULENT APPLICATION--A BROAD PROBLEM IN PASSPORT FRAUD

The fraudulent application for a passport has been the most prevalent form of passport fraud. For this reason, the Department has placed primary efforts in its program to detecting fraud before issuance of passports.

Detecting fraud prior to issuance of a passport is not easy. A variety of documentary evidence can be submitted by individuals to establish their identity and citizenship for a U.S. passport. A birth certificate is the primary form of citizenship evidence, although certificates of naturalization, previously issued passports, Government and military identification documents, baptismal certificates, affidavits of witness, census records and numerous other public documents can be used.

Birth certificates present a unique challenge to the Passport Office as over 1,000 different types are currently available, issued through more than 7,000 vital records offices. These offices operate under the jurisdiction of State and local governments, and this results in a variety of formats, seals, and certifications, making it difficult to confirm a certificate's validity. Furthermore, birth certificates are known as a "breeder" document from which other genuine identification documents can be obtained, such as driver's licenses and social security cards that corroborate an identity.

Thus, passport officials are continually faced with a large problem of false identification in passport applications. It is difficult to detect fraud, especially when legitimate documentation is used. The longer an imposter uses improper documents, which breed other identification documents, the more difficult it is to distinguish the imposter from his true identity.

DETECTING AND INVESTIGATING PASSPORT FRAUD NEEDS STRENGTHENING

Cases suspected of fraud are screened in the State Department before an investigation is initiated either within the Department or by other interested U.S. agencies. In fiscal year 1978, about 64 percent of known passport frauds within the United States and nearly 66 percent of those abroad were detected before issuance of the passport.

Passport agencies vary greatly in their detection abilities. The New York and Los Angeles passport agencies detect the highest percentage of cases, about three out of four known frauds before passport issuance; but the Washington passport agency which issues the most passports each year detected only about one out of three known frauds during fiscal years 1977 and 1978. Current statistics were not available from the Department because information is not reported with consistency from the agencies and foreign service posts.

Through passport training, fraud bulletins and an information feedback program, the Department informs passport agents on ways to detect fraud. In 1979, the Department conducted week-long seminars at each of the 14 passport agencies on fraud detection techniques. The Department has found that as a result of conducting such training sessions, the first of which began in 1972, there was an increase in the number of fraudulent applications detected. Although these training sessions were originally planned to be conducted annually to train newly employed passport agents, a restriction on travel funds has reduced training to once every two years. The Department does not conduct training or fraud seminars at insular offices.

Every passport agency has a fraud coordinator. The coordinator expedites fraud work between the passport agency and investigative authorities, seeks to improve the level of fraud detection in the agencies, and coordinates all fraud matters with the Department's headquarters staff. The assistant Agent-In-Charge in each agency is the designated fraud coordinator. Because they have other duties besides coordinating fraud matters, the Department stated it plans to establish new positions to upgrade fraud coordinators to full-time positions in each agency.

Fraud training is given to consular officers and on occasion to acceptance agents at post offices and courts. Most consular officers, before leaving on assignments to foreign service posts,

will receive fraud training as a regular part of their consular officer training program. Designated passport agents in post offices and courts which together accept over 50 percent of all applications will occasionally receive fraud instruction as part of their passport agent training, but many perform their duties without formal training, relying mainly on passport manuals. According to the Department, training for passport agents in post offices and courts has been scheduled infrequently because of restrictive travel funds.

From time to time, fraud bulletins are issued to all the agencies. The bulletins, which vary in number from year to year, are designed to alert passport adjudicators of items of significant interest. When the Department becomes aware of stolen birth certificates, counterfeit operations, or other fraudulent schemes, they attempt to notify the passport agencies. However, Department officials have admitted that the bulletins have not been issued as timely as they should because of staffing shortages. Furthermore, fraud bulletins are not regularly sent to foreign service posts and insular offices.

After a suspected fraud case is forwarded by a passport agent to headquarters and investigated, it is often helpful for the agent to learn the outcome of the case. There is an established system called the feedback program, whereby headquarters staff inform the agent of the disposition of submitted cases.

The focal point for administering the passport fraud program is the Department's Evaluations and Standards Division. In fiscal year 1980 this unit had an authorized staffing level of 13 positions. It is responsible for conducting fraud training and seminars, coordinating fraud cases, screening and processing suspected fraud cases, compiling fraud statistics, posting lookout notices, maintaining liaisons with investigative agencies, and operating the feedback program. As a result of office reorganizations and staff reductions the Division's capabilities have been severely diminished. At one time, a staff of 40 assisted in combating passport fraud. Although the Department on numerous occasions has stated that they have given high priority interest in fraud, the reduced allocation of manpower and resources tends to contradict their assertions.

Recommendations in a State Department report dealing with fraud allegations

The Department conducted an investigation into specific allegations concerning the passport fraud program of the Department's Office of Passport Services. The report on its investigation, dated June 3, 1980, stated:

"* * * it has not been possible in recent years for the investigative area of the Department, the Office of Security, to investigate all cases of fraudulent documents * * *. The failure to investigate all cases of fraudulent documents and to prosecute is not the result of 'mismanagement' but rather the effect of judgmental decisions by responsible officials on the allocation of scarce resources to various priorities."

Recommendations in the report approved by the Secretary of State included:

--More personnel resources should be allocated to the Evaluations and Standards Division of Passport Services to enable that office to provide more timely and effective support to the passport fraud program.

--The Evaluations and Standards Division should ensure that lookout notices are posted promptly on all suspected fraud cases.

--The Department should consider designating a number of positions in field offices to regularly handle passport fraud investigation.

--The Department should redouble its efforts to engage other law enforcement agencies in passport fraud investigations.

--The Department should again review the present policy and limitations of statutory authority that enjoins agents of the Office of Security from carrying weapons in connection with passport fraud investigations in dangerous areas.

The report pointed out additional needs including (1) more frequent (or extended) fraud seminars and related training for outside acceptance facilities, and (2) more timely and complete feedback to adjudicators on individual cases of suspected fraud and more generally through fraud bulletins.

State's passport and fraud investigative unit

The Passport and Visa Branch within the Office of Security, staffed with 3 fulltime officers, has responsibility over investigations for both passport and visa violations. This unit coordinates investigations through field offices maintained by the Office of Security in the United States and with regional security officers located around the world. The Department's policy, however, is to staff foreign dignitary protection and personnel background investigations over passport fraud investigations. This practice, combined with a lack of specifically designated investigators in field offices for fraud assignments, has hampered investigations. As a result, there are passport fraud cases that cannot be staffed for investigation and are therefore closed. Furthermore, Department investigators have no arrest powers or

authority to carry firearms when conducting fraud investigations. The Department has instructed its investigators to terminate investigations in cases where there are indications that they may suffer bodily harm.

CONCLUSIONS

The Department should clarify jurisdictions for investigating passport fraud by entering into formal agreements with each of the other U.S. investigating agencies which are involved. These agreements would also operate to defend agencies from civil suits in which plaintiffs claim that agencies acted outside the scope of their authority.

The Department's effectiveness in combating passport fraud needs improvement. Specifically, improvements are needed in training, the use of fraud bulletins, and feedback to adjudicators on individual cases of suspected fraud.

RECOMMENDATIONS

We recommend that the Secretary of State:

--Establish formal agreement with the various components of the Department of Justice to establish firm jurisdictional responsibility for the investigation of passport fraud.

--Examine the possibility of entering into an agreement with the Postmaster General to investigate passport fraud cases using U.S. mails.

--Begin passport fraud seminars for passport agents at insular offices.

--Conduct more frequent or extended fraud seminars and related training for outside acceptance facilities (post office acceptance agents and clerks of courts).

--Provide more timely and complete feedback to adjudicators on individual cases of suspected fraud.

--Send fraud bulletins to foreign service posts and insular offices regularly.

--Improve fraud statistical reporting from foreign service posts and passport agencies.

--Implement recommendations in the Department's passport fraud report of June 3, 1980.

AGENCY COMMENTS

The State Department agreed that the amount of passport fraud is unknown but observed that the detection rate is directly related to the resources devoted to the work. The Department further commented that both State and other agencies with an investigative interest in passport fraud perpetrators are confronted with budgetary and staffing constraints which impact upon the amount of effort that can be devoted to this area. It is this factor, according to the Department, which governs the ability of the Department to enter into formal agreements with other departments and agencies. We recognize the impact of budgetary and staffing constraints. It is for this reason we believe that a formal agreement and structure is necessary to establish firm jurisdictional responsibility to obtain the most impact from the use of limited budgetary and staff resources.

The State Department did not comment on those recommendations addressed to passport fraud seminars and feedback to adjudicators on individual cases of suspected fraud.

The Department of Justice concurred with our recommendation that the Secretary of State establish formal agreements with the various components of the Department of Justice to establish firm jurisdictional responsibility for the investigation of passport fraud. The Department of Justice also noted a need for a more aggressive posture on the prosecution of passport fraud violators by the Assistant U.S. Attorney. The Department also noted that the number of investigations that could be made is largely dependent on the level of staffing and budgetary support that can be directed to this effort. For details see appendix II.

CHAPTER 6

ACTION NEEDED TO INCREASE RECOVERY OF SPECIAL HANDLING FEES AND TO CORRECT WEAKNESSES IN PASSPORT LOOKOUT SYSTEM

Two other problem areas identified during the review were insufficient recovery of passport special handling fees and weaknesses in the operation of the Passport Lookout System used to screen passport applications.

DEPARTMENT CAN INCREASE RECOVERY OF COST FOR SPECIAL HANDLING OF PASSPORT DELIVERY

Department practices for special handling services with respect to completed passports requiring fast delivery are such that a person receiving a passport may pay none, part, or all of the cost to the Government for special handling. As a result, the Government is providing special handling services at a considerable net loss.

Special Government services should be reimbursed to the maximum possible. Everyone who benefits from special handling should pay for the services.

Existing practices for providing special handling services

Passports are usually mailed either by first-class mail or, if it is required or requested, delivered by special handling, the most common form of which is special delivery. A person whose passport is mailed special delivery may or may not pay for the full cost of the service depending on the circumstances.

For persons applying for a passport in person at the passport agencies, the Department obtains full payment for special handling if the service is requested by the applicant or if their departure date is such that special handling will be required. For applications received through the clerks of court and post offices, persons who do not request special handling may still benefit from the service at no charge if the Department decides that fast delivery of a passport is necessary to meet a person's departure date. People who mail in their applications requesting special handling services may receive the service without charge if the Department decides it is necessary. Also, people who mail in their applications and include partial, full, or excess payment for special handling will receive special handling. The Passport Office does not bill anyone for the difference if the amount sent in is insufficient, nor does it reimburse excess payment less than one dollar. Funds that are collected are placed in a Treasury account which is credited to the State Department as reimbursement for the cost of special postal services.

Change in Department procedures can save the Government money

The Department could increase collections if it amended the passport application or mailing instructions to notify applicants that payment in full must accompany applications if they request or require special mailing services. A person requiring special handling can be defined in the instructions as anyone whose departure date is less than a specified amount of time. The instructions can include a box for the applicant to check if the applicant desires special handling or determines that it is necessary. The instructions should inform the applicant that the amount of the fee for special handling can be obtained from any passport acceptance facility and must accompany the application to get it. This procedure would use existing methods of notifying the public about the procedures and costs for obtaining passports. The fee collecting system is already in operation, including the existence of a special account for deposit of fees collected for special postage handling.

This procedure should result in recurring collections to the Government. Over a 10-year period the Government could save over $2 million at current passport volumes and mailing fees. As postage costs and passport volumes increase so will the collections received by the Government.

RECOMMENDATION

We recommend that the Secretary of State amend passport application instructions to require special handling fees when special mailing services are either requested or required by the applicant.

AGENCY COMMENTS

The State Department informed us they perceived no difficulty in collecting special postage fees from those applicants who request special handling, but perceived a problem if such services were not accorded to applicants who would miss planned departure dates because of bureaucratic indifference or volume of workload. We agree that passport applicants should not be deprived of their right to receive a passport when needed, however, if the applicant requests a special benefit--special handling services--we are of the opinion that in keeping with section 501 of the Independent Offices Appropriation Act of 1952, 31 U.S.C. § 483a, the Department recoup costs from identifiable special beneficiaries where the services rendered inured to the benefit of special recipients, not to the general public.

The Department stated that subsequent billing would not be cost effective. We agree and it is for this reason we suggested that applicants be notified when applying for a passport that if special handling services are required because issuance cannot be accommodated within the normal time, then payment for such service will be required at the time of application.

THE PASSPORT LOOKOUT SYSTEM NEEDS STRENGTHENING

The Passport Lookout System has three components--a manual card file, a computerized file, and a Circular Post Lookout File. The manual card file was retained as a backup for the computerized file. The system is used by the Department to screen passport applications for administrative, law enforcement, and national security purposes. The largest portion of the system which was computerized in 1967 is called simply the Lookout. It uses the Department's central computer in Washington, D.C., and data processing equipment in the passport agencies, 70 foreign service posts, and the Puerto Rico insular passport office to perform name checks to identify applicants for whom there may be substantial reason for special passport action such as those who may require expeditious or special passport processing or those of interest to law enforcement or security agencies. A file card system that is more limited, called the Circular Post Lookout File, also is used by foreign service posts to screen applications.

Computerized Lookout

Passport applications are screened by matching an applicant's name and date of birth with information stored in the Department's computerized Lookout data base. Every year over 3 million names are processed through Lookout. The vast majority of applications are screened over the Lookout prior to issuance of a passport but many applications have to be screened after a passport is issued. Applications from three insular passport offices and from most foreign service posts are computer cleared after the passport is issued because they do not have computerized Lookout capabilities.

As of October 4, 1980, there were 216,705 names in the Lookout computer. Names are added and deleted on a daily basis. They are there for a variety of reasons, including

--individuals that are wanted by law enforcement authorities,

--individuals that are indebted to the Government for passport fees or emergency travel loans,

--individuals that have renounced or lost their U.S. citizenship,

--individuals that require expedited passport or special processing services, and

--individuals that are involved in passport fraud.

Some of the names remain in the system until the persons named reach 80 years of age and others are established for a year or less. Department instructions provide for annual review of this system.

Circular Post Lookout File

The Circular Post Lookout File is a more limited operation than the computerized Lookout. Functioning as a manual card system at State Department foreign service posts, it usually contains the names of wanted fugitives, military absentees, and known fraud perpetrators. A Department official estimated it contained only about 3,000 names. All foreign service posts are required to screen applications against the Circular Post Lookout File prior to issuance of a passport. Applications that are found to have a lookout card are referred to Department headquarters for action. Because the card file contains only limited information, applications that have cleared the Circular Post Lookout File are forwarded from these posts to Washington for final screening through the Lookout computer. This final screening takes place after the passport is issued. Foreign service posts that have the Lookout computer capability, in addition to reviewing the card file, are expected to screen applications over the computerized Lookout prior to issuing a passport. In May 1981, 70 of the over 200 U.S. foreign service posts could do this. The Department advised us that eventually all visa and passport issuing consulates and embassies will be included in the system and the Circular Post Lookout File will be replaced by the Department's centralized computer.

The three insular offices in Guam, American Samoa, and the Virgin Islands have no equipment to screen applications through the computer and do not receive Circular Post Lookout File cards to perform manual checks. Applications totaling about 11,000 each year from these three insular offices are computer cleared once they are received in Washington. As a result of this screening, about 50 of these applications each year are identified by the computer as belonging to individuals who may not have been entitled to receive passports.

Some agencies are not providing current information for Lookout

Since the initial computerized operation in 1967, the Passport Lookout System has been used for many law enforcement purposes. The FBI uses Lookout on a frequent basis. The Drug Enforcement Administration has used the system to learn of the travel activities of drug smugglers. The Secret Service has in the past used Lookout for its enforcement and protection duties and other security agencies have used the system as well. Despite Passport Office policy, updates by some outside agencies have not occurred on an annual basis. According to a Department official, certain agencies have not provided updated information for several years. Many of the names they provided earlier remain in the Lookout data base and may be of questionable usefulness. More attention is needed in this area.

Responsibilities to deny passports are not being met

Procedures the Department must follow on the issuance of passports are set out at 22 C.F.R. § 51.1 et. seq. Section 51.70 provides: "A passport, except for direct return to the United States, shall not be issued in any case in which" the applicant is

--subject to an outstanding Federal felony arrest warrant,

--subject to a criminal court order, or parole or probation condition, any of which forbids departure from the United States,

--subject to a court order committing him/her to a mental institution,

--subject to a request for extradition presented to a foreign government, and

--subject to a subpoena, requiring him/her, residing in a foreign country, to personally appear or to produce documents in connection with the prosecution or grand jury investigation of a felony.

The Department is not aggressively pursuing methods to timely meet these responsibilities. The Department relies on law enforcement agencies, who, on occasion, primarily for their own purposes, provide copies of arrest warrants to the Department for entry of an individual's name into the Lookout system. This allows the Department to deny passports in some cases, mainly upon the initiative of other agencies. Because the Department has no established process for receiving current information about individuals who should be denied passports for statutory reasons, it cannot be reasonably assured that all wanted Federal felons, individuals with applicable court ordered restrictions, and others who should be are denied passports as required by law. The Department should explore an arrangement for the regular transfer of necessary information into the Passport Lookout system.

Other problem areas

We identified other problems with the Passport Lookout system. They are as follows.

--Annual reviews of the Lookout computer file have not occurred consistently.

--Several names are being maintained in the data base without corresponding birth dates causing excessive number of false holds.

--Some names within the computer file are duplicated, thereby wasting data storage.

--About 20 percent of the file needs purging as a result of 1964 and 1967 Supreme Court decisions that ruled that loss of citizenship due to voting in political elections in foreign countries and residence in a foreign country by a naturalized citizen were invalid.

--Passports have been issued despite Lookout holds at the Puerto Rico insular office.

--There are indications that some foreign service posts with computer capabilities are not consistently using the computerized Lookout and instead are only using the Lookout file cards.

--Oversight responsibility for portions of the system are inadequately defined and fragmented between Department offices.

--Code identifiers that classify Lookout names by category are inadequate.

CONCLUSION

The computerized Lookout system is approaching 15 years of age and is in need of a thorough review in order to evaluate the system's procedures, capabilities, deficiencies, and effectiveness.

RECOMMENDATIONS

We recommend that the Secretary of State

--initiate a task force composed of Department personnel associated with computer, communication, and passport functions to comprehensively evaluate the adequacy of equipment, communication lines, and code identifiers (programming) of the Lookout computer system;

--purge unnecessary names from the Lookout data base by effective annual reviews of the Lookout system;

--assign specific responsibility for the administration of both the computerized Lookout and Circular Post Lookout File to one office;

--send the three insular offices which do not have the equipment to screen applications through the computerized Lookout--Guam, American Samoa, and the Virgin Islands--copies and updates of the Circular Post Lookout File;

--direct foreign service posts and insular offices to consistently and properly use the computerized Lookout or Circular Post Lookout Files; and

--establish an improved system of assuring that wanted Federal felons, individuals with applicable court ordered restrictions, and others are denied passports as required by law.

AGENCY COMMENTS

The State Department commented that from a technical standpoint Passport Services is not a law enforcement agency and there is no requirement in law or regulation that all wanted or other individuals be included in the Lookout system. The Department added that from a practical standpoint the Department's computers do not have the capacity to hold the names and data concerning all individuals wanted by the law enforcement authorities of the Federal, State, and local governments. As a result, and pursuant to agreements, the Passport Services Lookout System contains individuals who, as the result of screening by such authorities and courts, are considered likely to attempt to depart the United States and who such authorities wish to prevent from leaving their jurisdiction. We are of the opinion that the Department should make every effort to comply with its responsibilities as discussed on page 47.

The Department commented that segregating all case files for the Lookout system in one location would be administratively time consuming and possibly not effective and that agreements with law enforcement agencies were more effective than including the names of all wanted alleged felons in the Lookout system. We agree that locating all case files in one location may create an administrative burden on the Department and we have, therefore, not recommended this be done.

The State Department did not address our recommendation that the Secretary of State convene a task force to evaluate the adequacy of the Lookout computer system other than to note that a current review of the Lookout system has been underway for 2 years. This continuing review has not been effective in correcting the problems of the Lookout system and it is for this reason we recommended that additional efforts be made to improve the system.

With respect to our recommendation that responsibility for the administration of both the computerized Lookout and Circular Post Lookout File be assigned to one office, the Department did not comment directly but stated that eventually the Circular Post Lookout files will be replaced by the Department's centralized computer. The Department estimated that this will take from 5 to 10 years to accomplish. Department officials later advised us that they concurred with our recommendation.

As to the recommendation that insular offices be sent copies and updates of the Circular Post Lookout File, the Department did not respond directly but instead pointed out that none of these offices is staffed, managed, or administered by the Department of State. It is important to note, though, that all operate under delegations of authority by the Secretary of State.

The Department concurred with the recommendation that foreign services posts and insular offices be directed to properly use the computerized Lookout or Circular Post Lookout Files.

With respect to our recommendation that the Department purge unnecessary names from the Lookout data base, the Department commented that the Lookout system's contents are reviewed annually to delete names no longer appropriate for inclusion. The Department further stated that several of the points raised in the report were earlier recognized as needing updating, reviewing, or correcting and the Evaluations and Standards Division of Passport Services embarked upon a lengthy effort to overhaul the Lookout system. Among other things, obsolete and duplicate names are being deleted and other agency inputs are being updated. Department officials later agreed that more efforts were needed in this area.

With respect to the recommendation that an improved system be established to assure that those who should be are denied passports as required by law, the Department did not comment directly.

APPENDIX I

DEPARTMENT OF STATE
Comptroller
Washington, D.C. 20520

21 MAY 1981

Mr. Frank C. Conahan
Director
International Division
U.S. General Accounting Office
Washington, D.C.

Dear Mr. Frank Conahan:

I am replying to your letter of April 24, 1981, which forwarded copies of the draft report: "Improved Management Opportunities at Department of State Office of Passport Services".

The enclosed comments on this report were prepared by the Assistant Secretary in the Bureau of Consular Affairs.

We appreciate having had the opportunity to review and comment on the draft report. If I may be of further assistance, I trust you will let me know.

Sincerely,

Roger

Roger B. Feldman

Enclosure:

As Stated.

GAO Note: Enclosures omitted. Comments included therein are included in the report where appropriate.

U.S. Department of Justice

Washington, D.C. 20530

JUN 5 1987

Mr. William J. Anderson
Director
General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Anderson:

This letter is in response to your request to the Attorney General for the comments of the Department of Justice (Department) on your draft report entitled "Improved Management Opportunities at Department of State Office of Passport Services."

The draft report is of special interest to the Immigration and Naturalization Service (INS) because it recommends that a number of agencies, including INS, assume additional jurisdiction in matters involving fraudulent U.S. passports. Although not mentioned in the report, INS has pursued this concept for at least two years. Of particular concern to INS is the large amount of fraud involving illegal aliens and portions of the U.S. citizen criminal element who obtain U.S. passports to support their illegal activities. The Department supports the General Accounting Office (GAO) recommendations, as well as any other recommendations which will restrict the availability of these much sought after documents. Although INS is willing to assume jurisdiction in passport fraud cases involving aliens, there are competing demands for resources, and the extent to which fraudulent passport investigations can be conducted will depend largely on the level of staffing that can be assigned to that work.

As the draft report points out, the Federal Bureau of Investigation (FBI) has been in close liaison with the State Department for years because both are concerned about false passport identification problems. A 1972 letter from the State Department to the Justice Department gave the FBI jurisdiction to investigate passport fraud cases concerned with national and internal security where imposters assume the identity of deceased citizens. The Department has no objection to the draft report in its present form or with the recommendation that the State Department enter into a formal agreement with the FBI for the investigation of passport fraud. However, the Department would oppose any attempt to expand its investigative jurisdiction to include all passport violations without receiving additional funding to support this increased investigative responsibility.

Passport fraud is also one of many important aspects involved in the Drug Enforcement Administration's (DEA) complex task of effectively reducing drug abuse. As a consequence, one of the important interrelated functions

of DEA's enforcement role involves coordination with the State Department and other Federal law enforcement agencies in the investigation of passport fraud by drug traffickers. Experienced DEA agents have recognized for years that a very high percentage of significant traffickers own several passports and that many drugs are smuggled into the country by people using altered or fraudulently acquired passports.

Chapter 5 of the draft report recommends executing a formal agreement between DEA and the State Department to investigate fraudulent use of passports. Although good working relationships between the Department of State Office of Passport Services and DEA currently exist, DEA is presently granted jurisdiction only on a case-by-case basis. By establishing a formal agreement, the process of investigating passport fraud cases would be greatly strengthened.

One aspect of the fraudulent passport problem not addressed in the report is the need for a more aggressive posture on the prosecution of passport fraud violators. Assistant U.S. Attorneys have been unable to devote sufficient time and resources to the prosecution of passport fraud charges. The maximum sentence for passport fraud, which is a felony, is a $5,000 fine and up to five years imprisonment. To make this sentence meaningful and a worthy prosecution effort, we believe it should be applied consecutively. This approach would do much to restore the deterrent effect which has been noticeably missing.

The Department would be remiss in failing to recognize the excellent cooperation received by DEA from the Washington and regional passport offices. Their assistance has been and continues to be instrumental in helping DEA achieve its drug enforcement objectives.

We appreciate the opportunity to comment on the draft report. Should you desire any additional information, please feel free to contact me.

Sincerely,

Kevin D. Rooney

Kevin D. Rooney
Assistant Attorney General
for Administration

(462510)

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